

105TH CONGRESS
1ST SESSION

S. 652

To facilitate recovery from the recent flooding of the Red River of the North and its tributaries by providing greater flexibility for depository institutions and their regulators, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 25, 1997

Mr. GRAMS (for himself and Mr. JOHNSON introduced the following bill; which was read twice and referred to the Committee on Banking, Housing and Urban Affairs

A BILL

To facilitate recovery from the recent flooding of the Red River of the North and its tributaries by providing greater flexibility for depository institutions and their regulators, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Depository Institution
5 Disaster Relief Act of 1997”.

1 **SEC. 2. TRUTH IN LENDING ACT; EXPEDITED FUNDS**
2 **AVAILABILITY ACT.**

3 (a) TRUTH IN LENDING ACT.—During the 180-day
4 period beginning on the date of enactment of this Act, the
5 Board may make exceptions to the Truth in Lending Act
6 (15 U.S.C. 1601 et seq.) for transactions within an area
7 in which the President, pursuant to section 401 of the
8 Robert T. Stafford Disaster Relief and Emergency Assist-
9 ance Act (42 U.S.C. 5121 et seq.), has determined that
10 a major disaster exists, or within an area determined to
11 be eligible for disaster relief under other Federal law by
12 reason of damage related to the 1997 flooding of the Red
13 River of the North and its tributaries, if the Board deter-
14 mines that the exception can reasonably be expected to
15 alleviate hardships to the public resulting from such disas-
16 ter that outweigh possible adverse effects.

17 (b) EXPEDITED FUNDS AVAILABILITY ACT.—During
18 the 180-day period beginning on the date of enactment
19 of this Act, the Board may make exceptions to the Expe-
20 dited Funds Availability Act (12 U.S.C. 4001 et seq.) for
21 depository institution offices located within any area re-
22 ferred to in subsection (a) if the Board determines that
23 the exception can reasonably be expected to alleviate hard-
24 ships to the public resulting from such disaster that out-
25 weigh possible adverse effects.

1 (c) TIME LIMIT ON EXCEPTIONS.—Any exception
2 made under this section shall expire not later than the
3 earlier of—

4 (1) 1 year after the date of enactment of this
5 Act; or

6 (2) 1 year after the date of any determination
7 referred to in subsection (a).

8 (d) PUBLICATION REQUIRED.—Not later than 60
9 days after the date of a determination under subsection
10 (a), the Board shall publish in the Federal Register a
11 statement that—

12 (1) describes the exception made under this sec-
13 tion; and

14 (2) explains how the exception can reasonably
15 be expected to produce benefits to the public that
16 outweigh possible adverse effects.

17 **SEC. 3. DEPOSIT OF INSURANCE PROCEEDS.**

18 The appropriate Federal banking agency may, by
19 order, permit an insured depository institution, during the
20 18-month period beginning on the date of enactment of
21 this Act, to subtract from the institution's total assets,
22 in calculating compliance with the leverage limit pre-
23 scribed under section 38 of the Federal Deposit Insurance
24 Act (12 U.S.C. 18310), an amount not exceeding the

1 qualifying amount attributable to insurance proceeds, if
2 the agency determines that—

3 (1) the institution—

4 (A) had its principal place of business
5 within an area in which the President, pursuant
6 to section 401 of the Robert T. Stafford Disas-
7 ter Relief and Emergency Assistance Act, has
8 determined that a major disaster exists, or
9 within an area determined to be eligible for dis-
10 aster relief under other Federal law by reason
11 of damage related to the 1997 flooding of the
12 Red River of the North and its tributaries, on
13 the day before the date of any such determina-
14 tion;

15 (B) derives more than 60 percent of its
16 total deposits from persons who normally reside
17 within, or whose principal place of business is
18 normally within, areas of intense devastation
19 caused by the major disaster;

20 (C) was adequately capitalized (as defined
21 in section 38 of the Federal Deposit Insurance
22 Act (12 U.S.C. 18310)) before the major disas-
23 ter; and

1 (D) has an acceptable plan for managing
2 the increase in its total assets and total depos-
3 its; and

4 (2) the subtraction is consistent with the pur-
5 pose of section 38 of the Federal Deposit Insurance
6 Act (12 U.S.C. 18310).

7 **SEC. 4. BANKING AGENCY PUBLICATION REQUIREMENTS.**

8 (a) IN GENERAL.—During the 180-day period begin-
9 ning on the date of enactment of this Act, a qualifying
10 regulatory agency may take any of the following actions
11 with respect to depository institutions or other regulated
12 entities whose principal place of business is within, or with
13 respect to transactions or activities within, an area in
14 which the President, pursuant to section 401 of the Robert
15 T. Stafford Disaster Relief and Emergency Assistance
16 Act, has determined that a major disaster exists, or within
17 an area determined to be eligible for disaster relief under
18 other Federal law by reason of damage related to the 1997
19 flooding of the Red River of the North and its tributaries,
20 if the agency determines that the action would facilitate
21 recovery from the major disaster:

22 (1) PROCEDURE.—Exercise the agency's au-
23 thority under provisions of law other than this sec-
24 tion without complying with—

1 (A) any requirement of section 553 of title
2 5, United States Code; or

3 (B) any provision of law that requires no-
4 tice or opportunity for hearing or sets maxi-
5 mum or minimum time limits with respect to
6 agency action.

7 (2) PUBLICATION REQUIREMENTS.—Make ex-
8 ceptions, with respect to institutions or other entities
9 for which the agency is the primary Federal regu-
10 lator, to—

11 (A) any publication requirement with re-
12 spect to establishing branches or other deposit-
13 taking facilities; or

14 (B) any similar publication requirement.

15 (b) PUBLICATION REQUIRED.—Not later than 90
16 days after the date of an action under this section, a quali-
17 fying regulatory agency shall publish in the Federal Reg-
18 ister a statement that—

19 (1) describes the action taken under this sec-
20 tion; and

21 (2) explains the need for the action.

22 (c) QUALIFYING REGULATORY AGENCY DEFINED.—
23 For purposes of this section, the term “qualifying regu-
24 latory agency” means—

25 (1) the Board;

1 (2) the Office of the Comptroller of the Cur-
2 rency;

3 (3) the Office of Thrift Supervision;

4 (4) the Federal Deposit Insurance Corporation;

5 (5) the Federal Financial Institutions Examina-
6 tion Council;

7 (6) the National Credit Union Administration;

8 and

9 (7) with respect to chapter 53 of title 31,
10 United States Code, the Secretary of the Treasury.

11 **SEC. 5. SENSE OF THE CONGRESS.**

12 It is the sense of the Congress that each Federal fi-
13 nancial institutions regulatory agency should, by regula-
14 tion or order, make exceptions to the appraisal standards
15 prescribed by title XI of the Financial Institutions Re-
16 form, Recovery, and Enforcement Act of 1989 (12 U.S.C.
17 3331 et seq.) for transactions involving institutions for
18 which the agency is the primary Federal regulator with
19 respect to real property located within a disaster area pur-
20 suant to section 1123 of the Financial Institutions Re-
21 form, Recovery, and Enforcement Act of 1989 (12 U.S.C.
22 3352), if the agency determines that the exceptions can
23 reasonably be expected to alleviate hardships to the public
24 resulting from such disaster that outweigh possible ad-
25 verse effects.

1 **SEC. 6. OTHER AUTHORITY NOT AFFECTED.**

2 Nothing in this Act limits the authority of any de-
3 partment or agency under any other provision of law.

4 **SEC. 7. DEFINITIONS.**

5 For purposes of this Act, the following definitions
6 shall apply:

7 (1) APPROPRIATE FEDERAL BANKING AGEN-
8 CY.—The term “appropriate Federal banking agen-
9 cy” has the same meaning as in section 3 of the
10 Federal Deposit Insurance Act (12 U.S.C. 18310).

11 (2) BOARD.—The term “Board” means the
12 Board of Governors of the Federal Reserve System.

13 (3) FEDERAL FINANCIAL INSTITUTIONS REGU-
14 LATORY AGENCY.—The term “Federal financial in-
15 stitutions regulatory agency” has the same meaning
16 as in section 1121 of the Financial Institutions Re-
17 form, Recovery, and Enforcement Act of 1989 (12
18 U.S.C. 3350).

19 (4) INSURED DEPOSITORY INSTITUTION.—The
20 term “insured depository institution” has the same
21 meaning as in section 3 of the Federal Deposit In-
22 surance Act (12 U.S.C. 1813).

23 (5) LEVERAGE LIMIT.—The term “leverage
24 limit” has the same meaning as in section 38 of the
25 Federal Deposit Insurance Act (12 U.S.C. 1813).

1 (6) QUALIFYING AMOUNT ATTRIBUTABLE TO
2 INSURANCE PROCEEDS.—The term “qualifying
3 amount attributable to insurance proceeds” means
4 the amount (if any) by which the institution’s total
5 assets exceed the institution’s average total assets
6 during the calendar quarter ending before the date
7 of any determination referred to in section 3(1)(A),
8 because of the deposit of insurance payments or gov-
9 ernmental assistance made with respect to damage
10 caused by, or other costs resulting from, the major
11 disaster.

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